

## REMARKS

Applicant requests favorable reconsideration and allowance of this application in view of the foregoing amendments and the following remarks.

Claims 1, 3-7, and 9-86 are pending in this application. Claims 39-80 stand withdrawn from consideration. Claims 1, 7, 14, 19, 85 and 86 are the independent claims under consideration.

Claims 1, 7, 85, and 86 have been amended. Support for the amendments can be found, for example, at least at page 18, lines 27-28 of the original specification, and therefore no new matter has been added.

Claims 14-24, 26, 28, 30, 32, 34, 36, 38, 83, and 84 have been allowed by the Examiner over the cited art.

Applicant notes the indication that Claims 5 and 6 have been objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form. However, those claims have not been rewritten in that manner at this time because, for the reasons discussed below, Applicant believes the independent claim from which those claims depend is allowable.

Claims 1, 3, 6, 7, 9, 12, 13, 25, 81, 82, 85, and 86 stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,332,030 (Manjunath, et al.) and U.S. Patent No. 6,201,879 B1 (Bender et al.). Applicant respectfully traverses this rejection for the reasons discussed below.

As recited in independent Claim 1, the present invention includes, *inter alia*, the feature of spectral breakdown of a digital image at a number (d) of breakdown levels dependent

on image size. Applicant submits that the cited art fails to disclose or suggest at least this feature. As noted in the Amendment filed on May 4, 2004, Manjunath discloses the breakdown of a signal into its frequency components using a maximum of two levels of decomposition. Accordingly, that reference does not disclose or suggest at least the feature of using a number (d) of breakdown levels dependent on image size. Applicant submits that Bender likewise fails to disclose or suggest breakdown of an image using a number (d) of breakdown levels dependent on image size.

In addition, as conceded in the Office Action, Manjunath does not disclose or suggest the modulation of only the components of a subset consisting of only the components in the lowest frequency subband. Applicant submits that Bender also fails to disclose or suggest this feature. Bender describes a watermarking method for embedding a low bit rate signature in a digital image. In particular, that reference discloses to repeat exactly a textured area of a given shape (i.e., a “figure”) that can be detected by autocorrelation. A textured area is defined as an area containing a repetitive high energy and therefore high frequency signal. See col. 1, lines 58-62 and col. 2, line 56 to col. 3, line 12. Although in one embodiment (see col. 6, line 26) Bender proposes to treat only the lower-frequency portion of the frequency spectrum, in that reference the regions to be modified are textured regions which, by definition, are spatially localized and contain high frequencies. Thus, in Bender only spatially localized areas are modified, in contrast to the present invention wherein the lowest frequency subband modification impacts the entire image. For this additional reason, Applicant submits that Claim 1 is patentable over the cited art.

Independent Claims 7, 85, and 86 recite features similar to those of Claim 1 and are believed patentable for similar reasons. The dependent claims are patentable for at least the same reasons as their respective base claims, as well as for the additional features they recite.

For the foregoing reasons, Applicant submits that this application is in condition for allowance. Favorable reconsideration, entry of this Amendment, withdrawal of the rejections set forth in the above-mentioned Office Action, and an early Notice of Allowance are requested.

Applicant's undersigned attorney may be reached in our Washington, D.C. office by telephone at (202) 530-1010. All correspondence should be directed to our below-listed address.

Respectfully submitted,



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